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IN THE

**SUPREME COURT
OF THE UNITED STATES**

OCTOBER TERM, 1971

No. 70 — 314

BRUNETTE MACHINE WORKS LTD., *Petitioner,*

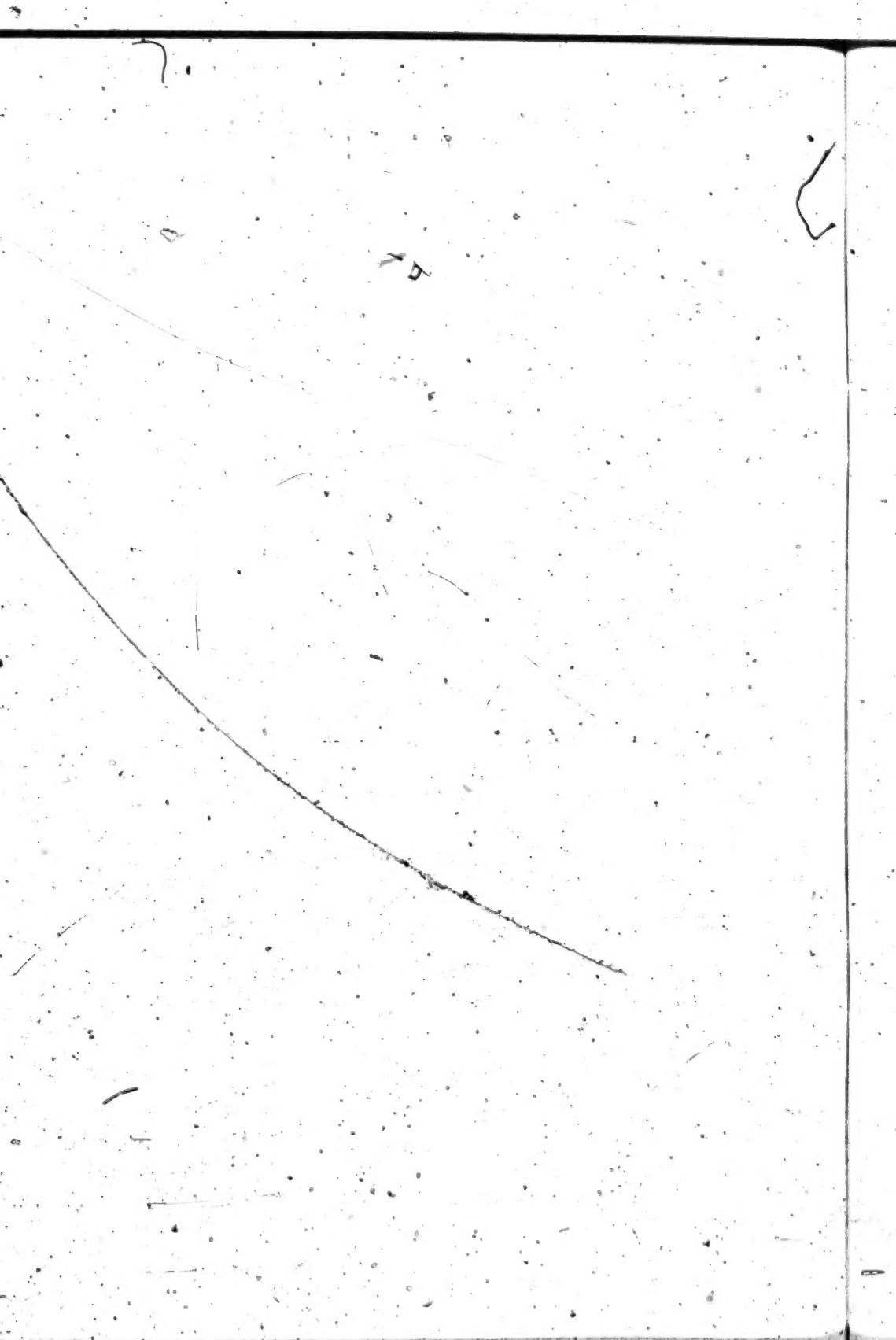
vs.

KOCKUM INDUSTRIES, INC., *Respondent.*

**ON WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE NINTH CIRCUIT**

**BRIEF OF I.T.L. INDUSTRIES LIMITED
AMICUS CURIAE**

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INTRODUCTION

This brief, Amicus Curiae, in support of Brunette Machine Works Ltd. is filed with the consents of the parties pursuant to Rule 42 of the Rules of this Court. The requisite written consents of the parties are on file with the Clerk.

STATEMENT OF THE QUESTION PRESENTED

The question before the Court is whether the exclusive venue provision, § 48,¹ pertaining to venue in patent infringement actions was applicable to alien defendants at the time Congress passed the 1948 Judicial Code. It is, of course, settled that Congress in passing the 1948 Judicial Code did not intend to change venue in patent infringement actions.²

INTEREST OF THE AMICUS CURIAE

I.T.L. Industries Limited is a substantial, publicly-held Canadian corporation doing business in the United States through two wholly owned subsidiaries, Ray-O-Lite International and Ray-O-Lite, Inc. I.T.L. Industries Limited, its president, and two of its Canadian subsidiaries were sued by Amerace Esna in the Northern District of Texas for patent infringement (patent 3,332,327). This infringement action was predicated on the broad concept of inducement to infringe based on acts committed in connection with the operation of the two American manufacturing subsidiaries of I.T.L. Industries. As the American subsidiaries, Ray-O-Lite International and Ray-O-Lite, Inc., are respectively Michigan and California corporations, neither could be sued in the Texas District Court because of the exclusive patent

¹ The Judiciary Act of 1911, ch. 231, § 48, 36 Stat. 1100 (1911) [derived from ch. 395, (29 Stat. 695 (1897)], as amended, 28 U.S.C. § 1400 (b) (1964).

§ 28 U.S.C. § 1400 (1964) provides:

"§ 1400. Patents and copyrights

(a)

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

² *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222 (1957).

infringement venue provision 28 U.S.C. § 1400(b). At the outset of the Texas action, the Canadians protested, in a motion to dismiss, that venue was not properly laid in Texas, but Judge Hughes, in an unreported decision, ruled that venue was properly laid in Texas for these Canadian defendants because 28 U.S.C. § 1391(d)* supplements 28 U.S.C. § 1400(b). Subsequently, after a trial on the merits, Judge Hughes held the patent valid and infringed in a decision unofficially reported at 171 U.S.P.Q. 186 (N.D. Tex. 1971). An appeal has been taken to the Fifth Circuit asserting both that patent 3,332,327 is invalid as a matter of law and that venue was not properly laid in the Northern District of Texas. I.T.L. Industries Limited is, accordingly, interested in this Court's disposition of the instant case for it will probably control the appeal to the Fifth Circuit on the issue of venue.

While prosecuting the Texas action, Amerace Esna brought suit in the Central District of California against all the Canadians sued in Texas plus the two American subsidiaries for the infringement of the same patent relied on in the Texas infringement action. On plaintiff's motion for summary judgment in California, Ray-O-Lite, Inc., and Ray-O-Lite International were both held by Judge Real to be alter egos of the Canadian corporations and hence bound by Judge Hughes' Texas judgment. An appeal has been taken from that portion of the summary judgment holding Ray-O-Lite, Inc. to be an alter ego, but no appeal has been taken

* 28 U.S.C. § 1391 (1964) provides:

"§ 1391. Venue generally

(a)

(b)

(c)

(d) An alien may be sued in any district."

from the finding that Ray-O-Lite International is an alter ego. In light of the alter ego holding in California, the Canadians are subject to suit for patent infringement in California and in Michigan under § 1400(b), the exclusive patent venue provision.

I.T.L. Industries believes that the decision of Judge Hughes is unique in that § 1391(d) was held to supplement § 1400(b) notwithstanding that all manufacturing of infringing items took place in the United States. Amerace Esna would not have been inhibited in its efforts to enforce its patent rights if Judge Hughes had recognized § 1400(b) as exclusive. The infringing manufacturers were amenable to suit in their respective states of incorporation and, in addition, based on the alter ego holding, the Canadians could have been joined with the subsidiaries in an appropriate forum under § 1400(b). On the other hand, I.T.L. Industries Limited and the associated Canadians are substantially prejudiced when required to respond to infringement charges anywhere in the United States. I.T.L. Industries believes that allowing venue for it in any district is discriminatory vis-a-vis the treatment accorded American corporations in patent infringement actions. For I.T.L. Industries, by an accident of fortune, having built its business in Windsor rather than in Detroit is, under Judge Hughes' holding, required to defend patent infringement actions in locations that Congress has declared are inappropriate for patent infringement actions. In this regard it is interesting to note that the real infringer, Ray-O-Lite, Inc., a company that is making nearly all of the accused infringing devices, could not be joined in the original Texas action because Congress specifically defined the proper districts for bringing infringement actions, and accord-

ingly, Amerace Esna, consistent with § 1400(b), was required to file suit in the Central District of California. Thus, unless this Court reverses, the decision rendered in Texas, an improper forum, will control the decision in California, the forum specified by Congress.

I.T.L. Industries Limited urges that § 1400(b) should be and is the controlling statute with respect to patent infringement actions. Additionally, I.T.L. Industries urges that in the event this Court accepts the policy argument adopted by the Ninth Circuit Court of Appeals to the effect that there must be one forum where an infringer can be sued, § 1391(d) should be permitted to supplement § 1400(b) only where this policy argument is valid such that a rigid application of § 1400(b) would result in an alien being immune to suit in every district. According to this latter approach, aliens would be accorded the benefit of limited venue where possible, which treatment would be consistent with that accorded American corporations, whereas a different rule for aliens would be applied in those limited situations where the countervailing policy was found to control.

ARGUMENT SUMMARY

The special venue provision enacted by Congress for patent infringement actions is the sole and exclusive provision for venue in all infringement actions. When Congress enacted the original patent infringement venue provision, it contracted venue for patent infringement actions and, thereby, excluded all venue principles not within the terms of the provision. Accordingly, general venue principles regarding geographical limitations, though continuing to be of force in general venue situations, were

excluded from application to patent infringement actions, for example, the general venue principle regarding multi-district states as well as the general venue principle regarding aliens.

Public policy requirements do not require that aliens be exempted from the operation of § 1400(b). Although patent infringement plaintiffs have lamented and lower Court opinions have echoed the possibility that aliens will be able to "flood the market" with infringing merchandise with impunity if § 1400(b) is recognized as exclusive for patent infringement actions, the feared situation is imaginary rather than real. Invariably, the cases confirm that domestic distributors or representatives of alien infringers are available for redress of infringement injuries. Additionally, it is often the case that the alien infringer is involved in activities that allow venue under § 1400(b), though that venue would be restricted rather than unlimited.

The question of the applicable venue provision for aliens in patent infringement actions has importance in the context of the international relations of the United States. Fundamental comity considerations support giving § 1400(b) controlling force in patent infringement litigation at the exclusion of the general provision in § 1391(d). In addition to comity, the United States has negotiated treaties of friendship with many of its principal trading partners generally providing that aliens will be accorded the same treatment as domestics in pursuit and defense of legal rights and, therefore, it is imperative, to fulfill these treaty obligations, that aliens not be discriminated against in judicial proceedings. If § 1400(b) is amended by engrafting § 1391(d) thereon, aliens are not accorded the

same treatment as domestics and a conflict arises with the treaty provisions.

History, statutory construction, comity, and treaty commitments all require that § 1400(b) continue to be recognized as exclusive in patent infringement actions, in accordance with this Court's decisions on two previous occasions.

ARGUMENT

§ 48 WAS THE SOLE AND EXCLUSIVE PROVISION FOR VENUE IN ALL INFRINGEMENT ACTIONS.

The definitive interpretation of § 48 prior to the 1948 Code is found in *Stonite Products Co. v. Melvin Lloyd Co.*⁴ where this Court held that § 48 was the sole and exclusive provision for venue in patent infringement actions. In its opinion below,⁵ the Ninth Circuit asserted, in effect, that § 48 was the exclusive venue statute for patent infringement actions only with respect to U.S. defendants, aliens being governed by general venue principles. This view of the state of the law prior to the 1948 Judicial Code is untenable. This Court was manifestly correct when it stated in *Fourco Glass Co. v. Transmirra Products Corp.*⁶ that "§ 1400(b) [§ 48] is a special venue statute applicable, specifically, to all defendants in a particular type of actions, i.e., patent infringement actions."⁷ (Emphasis in original).

⁴ 315 U.S. 561 (1942).

⁵ *Kockum Indus., Inc. v. Brunette Mach. Works Ltd.*, 442 F.2d 420 (9th Cir. 1971).

⁶ 353 U.S. 222 (1957).

⁷ *Id.* 228.

ALL CASES INTERPRETING § 48 AS NOT BEING THE SOLE AND EXCLUSIVE STATUTE REGULATING VENUE IN INFRINGEMENT ACTIONS WERE OVERRULED BY STONITE.

Implicit in the holding of the Ninth Circuit is a holding that a handful of lower Court decisions antedating this Court's decisions in *General Electric Co. v. Marvel Rare Metals Co.*⁸ and *Stonite* survived those decisions by this Court. However, it is clear that these early, lower Court decisions did not survive. *Stonite*, by settling a conflict in the lower Courts as to whether Congress intended to expand or contract venue when it enacted the predecessor to § 48, superseded and supplanted earlier lower Court opinions as to patent venue and established that § 48 was the exclusive provision for venue in patent infringement actions.

In 1897, the Courts were divided as to whether the Judiciary Act of 1789 or the general venue statute of 1887 controlled venue in patent infringement actions. Venue under the Judiciary Act of 1789 would lie wherever the defendant could be found whereas the Act of 1887 provided that venue would be satisfied only in a district where the defendant was an inhabitant. Congress, disturbed by this uncertainty and concerned about abuses that arose when courts applied the Judiciary Act of 1789 to patent infringement actions,⁹ enacted the predecessor of § 48 [hereafter referred to commonly with § 48 merely as § 48] to control venue for patent infringement actions.

⁸ 287 U.S. 430 (1932).

⁹ When the Judiciary Act of 1789 was applied, the defendant could be summoned to a forum remote from his operations, where defense was at best difficult, if the defendant was found in that forum for service.

Against this backdrop, confusion and conflict arose in the lower Courts as to whether § 48 contracted or expanded venue for patent infringement actions. The question of expansion or contraction was critical since the applicability of general venue provisions in patent infringement actions was dependent directly on whether the patent venue provision was exclusive which, in turn, was generally resolved by determining whether venue was expanded or contracted in patent infringement actions when § 48 was passed. Those Courts which concluded that venue for patent infringement actions was expanded presumed that Congress intended that the general venue principles in existence prior to the passage of § 48 would also be applicable to patent infringement actions after passage of § 48. On the other hand, those Courts which concluded that § 48 was intended to contract venue determined that Congress intended § 48 to be the sole and exclusive provision for venue in all patent infringement actions.

When § 48 was passed in 1897, certain venue principles were accepted as being of general applicability. First, this Court had decided in *In re Hohorst*¹⁰ that venue for suits against aliens was governed by the Judiciary Act of 1789. Second, under § 740,¹¹ when suit was brought against more than one defendant in a multidistrict state, each defendant being separately suable according to the applicable venue statute in a district of that state, but there being no district where all the defendants could be sued, then suit could

¹⁰ 150 U.S. 553 (1893).

¹¹ R.S. § 740 [derived from ch. 27, 11 Stat. 272 (1858)], as amended, ch. 231, § 52, 36 Stat. 1101 (1911), as amended, 28 U.S.C. § 1392 (1964).

be brought in any district of the state against all defendants where at least one defendant could be sued.

One of the early cases that persuasively argued that § 48 was not exclusive is *Zell v. Erie Bronze Co.*¹² The Court in *Zell* argued vigorously that § 48 was intended to expand venue in patent infringement actions and, therefore, that general venue principles in existence as of the date of passage of that act continued to be applicable to patent infringement actions. On this rationale, *Zell* held that the geographical venue principle [multidistrict principle], in existence prior to 1897 by virtue of § 740 was applicable to patent infringement actions. Similarly, the Court in *Sandusky Foundry & Machine Co. v. De Lavaud*¹³ held that § 48 was intended to expand venue and hence was not exclusive. The *Sandusky* Court then applied the general principle with respect to aliens in existence prior to the passage of § 48. Thus, as a principle of general venue, *Sandusky*, following *Hohorst*, concluded that an alien could be sued in any district where found.

Finally, the conflict in the Courts below required that this Court grant certiorari in *Stonite* since the Third Circuit had held, directly contrary to the Ninth Circuit, that § 48 was not intended to be the exclusive provision with respect to patent infringement actions. *Stonite* reviewed the legislative history of § 48 and concluded that it was intended to contract, not expand, venue for patent infringement actions. Having resolved this issue, this Court answered affirmatively the question whether § 48 was intended by Congress to be the sole and exclusive provision

¹² 273 F. 833 (E.D. Pa. 1921).

¹³ 251 F. 631 (N.D. Ohio 1918).

for venue in patent infringement actions. Accordingly, this Court in *Stonite* held that the geographical venue principle regarding multidistrict states was not applicable to patent infringement actions.

STONITE OVERRULED SANDUSKY'S HOLDING THAT § 48 WAS NOT EXCLUSIVE, BUT LEFT INTACT ITS HOLDING CITED BY THE REVISERS OF THE 1948 CODE THAT UNDER GENERAL VENUE PRINCIPLES ALIENS MAY BE SUED WHERE FOUND.

This Court's clear and decisive holding in *Stonite* that Courts which viewed § 48 as the exclusive venue provision were correct and that those permitting the use of general venue principles in patent infringement actions were wrong was the state of the law when the 1948 Judicial Code was passed. Specifically, *Stonite* had clearly superseded and rendered incorrect that aspect of *Sandusky* which held that § 48 was not the exclusive provision for patent infringement actions and that, therefore, venue as to an alien was governed by general venue principles. Naturally, *Stonite* did not cast any doubt on the other aspect of the holding in *Sandusky* to the effect that as a principle of general venue, consistent with earlier decisions, including *Hohorst*, an alien may be sued in any district where found. The Revisers of the 1948 Code clearly understood that *Stonite* overruled the holding in *Sandusky* that § 48 was not controlling for alien defendants while leaving intact *Sandusky's* holding that under general venue provisions an alien may be sued where found.

THE CITATION TO SANDUSKY IN THE REVISERS' NOTE TO § 1391(d) IS CONSISTENT WITH AND CONFIRMS THE EXCLUSIVITY OF § 48 [§ 1400(b)] AND, MORE IMPORTANTLY, ITS INDEPENDENCE OF COEXISTING GENERAL VENUE PRINCIPLES.

The Ninth Circuit, in the instant case, relied on a District Court opinion rendered in *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*.¹⁴ Judge Mansfield in *Pro-Ter* relied on policy arguments and the inclusion of the citation to *Sandusky* in the Revisers' note to § 1391(d) to support the proposition that § 1391(d) modifies § 1400(b).

But the Revisers' citation to *Sandusky* in § 1391(d) is consistent with the exclusive character of § 1400(b) for patent infringement litigation. *Sandusky* considered two separate and distinct venue problems: (1) the problem involved with alien defendants generally, and (2) the question of the exclusivity of § 48. *Stonite* resolved the question of the exclusivity of § 48 whereas that portion of the *Sandusky* opinion regarding the question of venue generally for alien defendants continued, after *Stonite*, to be valid both in its analysis and for its collection of pertinent law. The Revisers, when setting forth general venue provisions, specifically codified that branch of *Sandusky* which survived *Stonite* in § 1391(d). The Revisers cited *Sandusky* and noted its collection of cases as support for the correctness of § 1391(d) as a general venue provision.¹⁵ Of par-

¹⁴ 278 F. Supp. 148 (S.D.N.Y. 1967).

¹⁵ The Revisers' note to § 1391(d) states:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decisions. See (*Sandusky Foundry & Machine Co. v. De Lavaud*, 1918, D.C. Ohio, 251 F. 631, 632, and cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155 and cases cited.)"

28 U.S.C.A. 62 (1962).

ticular importance is the conspicuous absence of a parallel codification in § 1400(b) to the effect that an alien may be sued in any district in a patent infringement action. Inclusion of such a provision in § 1400(b) would have represented a substantial change in the law requiring extensive comment in the notes. Thus, the Revisers correctly codified only that branch of *Sandusky* which survived *Stonite*.

The Ninth Circuit in following *Pro-Ter* failed to take account of the import of *Sandusky* at the time it was rendered and its dual analysis of the independent patent and alien questions, the effect of *Stonite* on the patent facet of that decision, and the acknowledgment by the Revisers that *Sandusky* while reciting the law with respect to venue for aliens in the context of general venue did not recite the law with respect to venue for aliens in the context of patent infringement actions. This history and the conclusion dictated thereby in the instant case are inescapable when the progress of the law regarding venue is traced from its earliest origins to the present day. It is submitted, therefore, that § 1400(b) is indeed exclusive with respect to patent infringement actions and that aliens are not excluded from the requirements of that venue provision.

THERE ARE NO SOUND PUBLIC POLICY REASONS FOR EXEMPTING ALIENS FROM § 1400(b).

Aliens having a regular and established place of business in a judicial district where they commit acts of infringement can be sued in that district by the terms of § 1400(b). In addition, aliens are subject to suit under § 1400(b) where they reside, for example where alter egos are located. However, since aliens can conceivably engage in business

where they infringe subsisting patents without operating in a fashion bringing them within the venue provision of § 1400(b), it is conceivable that aliens can commit acts of infringement, yet be beyond suit because of the limited venue provided by § 1400(b).

In some lower Courts, this possibility has been considered unacceptable and, accordingly, the exclusivity of § 1400(b) has been avoided on various rationales. The lower Courts have characterized the result as one whereunder aliens could sue infringers in United States District Courts but domestic patentees could not sue alien defendant infringers. If this were all there was to the problem, then perhaps the public policy requiring accountability might be entitled to some consideration in determining whether Congress did in fact do what Congress did. Fortunately, the fears expressed by plaintiffs and echoed by lower Court judges are more imagined than real. In fact, no case has been encountered wherein the domestic plaintiff patentee is left without a suitable defendant unless the alien is brought to Court contrary to § 1400(b).

*SCM Corp. v. Brother International Corp.*¹⁶ was a patent infringement suit against a defendant alien corporation. A domestic distributor, Brother International Corporation, noted in the opinion to be financially responsible having assets in excess of \$10 million and a net worth in excess of \$2 million, was a codefendant in the infringement action. Nothing whatever in the opinion suggests that relief from the alleged infringement would have been impossible without joining the alien corporation. To the contrary, the facts are clear that the domestic distributor afforded the plaintiff adequate relief from any patent infringement.

¹⁶ 316 F. Supp. 1328 (S.D.N.Y. 1970).

In *Pro-Ter*, the case relied on by the Ninth Circuit and the District Court in *Brother International*, the alien corporation had two representatives in New York. Again, as in the *Brother International* case, there is no indication in the opinion that the alleged infringement could not have been redressed without the inclusion of the alien corporation. The representatives, two domestic corporations, were joined with *Pro-Ter* and charged with infringement with respect to business done on behalf of *Pro-Ter*. These two corporations were substantial concerns engaging in other business and engaging in business for companies other than *Pro-Ter*.¹⁷ Although Judge Mansfield indicated that if § 1400(b) had been held to be controlling, then *Pro-Ter* would have been entitled to dismissal, the opinion does not suggest that satisfactory enforcement of the plaintiff's patent rights would have been impossible if the two domestic corporations had been the only defendants.

In *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*,¹⁷ an alien corporation was sued with venue based on § 1391(d). In this case, the alien corporation had a subsidiary, organized in 1931, in the state of New York. All infringing sales were made by this New York subsidiary. No reason appears in this opinion why the subsidiary did not afford satisfactory relief from the alleged patent infringement. However, permitting suits against aliens anywhere permitted plaintiff to choose Virginia as the forum.

In *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*,¹⁸ the Seventh Circuit, following *Stonite* and *Fourco*,

¹⁷ 261 F. Supp. 436 (E.D. Va. 1966).

¹⁸ 376 F.2d 743 (7th Cir.), cert. denied, 389 U.S. 859 (1967).

dismissed an alien from a patent infringement action for want of venue. The alien corporation had a sole and exclusive distributing agency in the United States located in the State of Illinois. There is no reason suggested in the opinion why the alien corporation was necessary for protecting plaintiff's patent rights when the domestic distributor corporation was available.

In the case at bar, Brunette Machine Works Ltd, was sued by Kockum Industries, Inc. for infringement based on a licensing agreement between Brunette and Salem Equipment, Inc. In addition, Brunette was sued by Kockum Industries in Canada on the grounds that Brunette infringed the Canadian counterparts of the United States patents in suit. Salem Equipment was also separately sued by Kockum Industries. Clearly, Brunette had an adequate remedy available even if § 1400(b) had been recognized as exclusive.

Finally, in the suit against Amicus, I.T.L. Industries Limited, the real infringer, an American subsidiary of I.T.L. Industries, could not be sued in Texas and, therefore, a second suit was required in California against this American corporation. Clearly the patent plaintiff, Amerace Esna, had an adequate remedy for infringement by suit, in an appropriate forum, directly against the infringing American subsidiary. In addition, since the two American subsidiaries of I.T.L. Industries were held to be alter egos of I.T.L. Industries, suit was proper against I.T.L. Industries under § 1400(b), in an appropriate forum but not Texas, on the basis of the alter ego relationship.

The foregoing cases are typical, exemplifying the situations encountered with respect to the interplay between § 1400(b) and § 1391(d). Patent infringement plaintiffs

attempt to join alien corporations for a variety of reasons, none of which relates to failure of remedy without such joinders. First, the lawyer's talisman for joining everyone available requires that an alien be joined; this situation is typified by *Brother International* and *Pro-Ter*. Second, the desire on the part of a patent infringement plaintiff to bind the alien corporation as in *Coulter* and in the case at bar. Third, and most significantly, the benefit of forum shopping as suggested in *Olin Mathieson* where the alien corporation was sued in Virginia whereas the domestic subsidiary was a New York corporation for whom Virginia venue normally would not have been available and in the Texas suit against *Amicus* where a subsequent suit in California was required to reach the real infringer. In viewing these three motivating considerations, it should be apparent that the equities vocally asserted by plaintiffs and echoed in lower Court opinions are, in fact, nonexistent.

As a matter of fact, the possibility of suing an alien in any jurisdiction is peculiarly susceptible to abuse. The principal abuse, of course, is forum shopping whereby a plaintiff undertakes to select his forum to obtain an advantage. In passing, this forum shopping element is particularly important in view of the increased significance accorded prior adjudications as dictated by *Blonder-Tongue*.¹⁹ If aliens are held liable to defend patent infringement suits in any district, they will be forced to respond in situations where Congress has clearly and unequivocally declared patent infringement defendants should not be called upon to defend. As to aliens, a plaintiff could, if this Court affirms, pick that forum most likely to find the

¹⁹ *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971).

patent valid and infringed; thus, patentees would be given a powerful weapon, particularly when coupled with the broad doctrine of inducement to infringe under 35 U.S.C. § 271(b) (1964).

ALIENS ARE AND WILL FREQUENTLY BE SUBJECT TO SUIT FOR INFRINGEMENT WITHOUT NEGATING THE EXCLUSIVITY OF THE PATENT VENUE PROVISION, EXCLUSIVITY THAT IS JUST FOR ALIENS WITHOUT CREATING ANY REAL HARDSHIPS FOR PATENT PLAINTIFFS.

It should be understood that the issue regarding the applicability of § 1391(d) to alien defendants in patent infringement actions is not an all or nothing proposition. Clearly, aliens having a regular place of business and committing acts of infringement within a district are subject to suit according to the terms of § 1400(b). The availability of this direct suit will provide venue in numerous situations.

The infringement action against Amicus, I.T.L. Industries Limited, graphically illustrates the injustice of supplementing § 1400(b) with § 1391(d). I.T.L. Industries operates in the United States through two wholly owned subsidiaries incorporated respectively in California and Michigan; both subsidiaries have been adjudged alter egos of I.T.L. Industries. If aliens are subject to suit in any forum where service is possible, I.T.L. Industries is subject to suit in any forum notwithstanding that it operates in the United States through wholly owned subsidiaries. For example, I.T.L. Industries was sued in Texas, where neither American subsidiary could be sued because of the venue limitations of § 1400(b), in spite of the fact that all infringing products were made in the United States

by the California and Michigan subsidiaries. I.T.L. Industries is clearly subject to substantial abuse in being required to defend in remote forums. Unlike the outcry of infringement plaintiffs, where no real substantiation of insulation for aliens has ever been demonstrated, the situation just described is quite real, for I.T.L. Industries was forced into Texas to defend where venue did not lie under § 1400(b) in spite of the fact that it protested vociferously.

Although the facts of the recorded cases do not include any situation where a patent infringement plaintiff is at a disadvantage with respect to enforcing his rights when an alien is involved, there is a situation where the exclusion of alien corporations from the venue provision could present a hardship. This situation would arise if the alien corporation sold directly to a plurality of American purchasers and multiple suits against the purchasers were impossible. Although no case having this fact pattern has been encountered, and it is not even apparent that such a case could arise, it should be understood that the plaintiff would not be entirely without means to redress his grievance. Relief could be sought under the Tariff Act²⁰ which provides that the President can prohibit the import of infringing products. Indeed, this provision seems to have been constructed to cover just this situation. From the foregoing, it is apparent that Judge Mansfield missed the mark when he wrote:

“[T]he effect of holding § 1400(b)'s requirements exclusive in a suit against an alien would be to permit a foreign infringer, who conceivably could flood this country with merchandise known by it to in-

²⁰ 19 U.S.C. § 1337 (1964).

fringe, to escape responsibility merely because it did not maintain a regular business here."²¹

THE DECISION BELOW CONFLICTS WITH SETTLED PRINCIPLES OF COMITY AS WELL AS UNITED STATES TREATY OBLIGATIONS.

If § 1391(d) is engrafted onto § 1400(b), Amicus along with all other alien corporations will be severely discriminated against vis-a-vis domestic patent infringement defendants. This follows from a consideration of the possible suits which can be filed against the patent infringement defendant. For example, if this Court affirms, Amicus, though operating through a Michigan and a California subsidiary, can be sued in any forum where process may be had. Whereas if it were to move from Windsor, Ontario to Detroit, Michigan and become a Michigan corporation, the possible forums for patent infringement plaintiffs would be severely curtailed. This discrimination is without countervailing redeeming considerations regarding the plight of the patent infringement plaintiff. As demonstrated above, that plaintiff can redress his grievances by suits against subsidiaries or distributors. In the case of Amicus, satisfaction is assured infringement plaintiffs, for Amicus could be sued in those districts where its alter ego subsidiaries could be sued. Reversal would put Amicus on the same footing as domestic corporations.

Indeed fundamental comity considerations dictate that § 1400(b) continue to control patent infringement litigation and that § 1391(d) be limited to general venue situations. Otherwise aliens are put at a disadvantage as

²¹ 278 F. Supp. 148, 153 (S.D. N.Y. 1967).

noted above by comparison with domestics, such discrimination is unjustifiable.

It should be noted, that in addition to considerations of comity, American treaty obligations require reversal, for since the passage of the 1948 Judicial Code, the United States has entered into treaties of friendship with many of its principal trading partners. These treaties generally provide that aliens will be accorded the same treatment as domestics. Each treaty has a specific section relating to national treatment for aliens in judicial and administrative proceedings, both in pursuit and in defense of their rights. A typical provision included in these treaties is as follows:

“Nationals and companies of either Party shall be accorded national treatment with respect to access to the courts of justice and to administrative tribunals and agencies within the territories of the other Party, in all degrees of jurisdiction, both in pursuit and in defense of their rights. It is understood that companies of either Party not engaged in activities within the territories of the other Party shall enjoy such access therein without any requirement of registration or domestication.”²²

It should be noted that these treaties would supersede

²² Treaty with Federal Republic of Germany on Friendship, Commerce and Navigation, Oct. 29, 1954, art. VI, para. 1, [1956] 2 U.S.T. 1839, T.I.A.S. No. 3593. Similar provisions are included in other treaties, e.g., Convention of Establishment with France, Nov. 25, 1959, art. III, para. 1, [1960] 2 U.S.T. 2398, T.I.A.S. No. 4625; Treaty of Friendship, Commerce and Navigation with Japan, Apr. 2, 1953, art. IV, para. 1, [1953] 2 U.S.T. 2063, T.I.A.S. No. 2863; and Treaty of Friendship, Commerce and Navigation with the Italian Republic, Feb. 2, 1948, art. V, para. 4, 63 Stat. 2255, T.I.A.S. No. 1965.

the 1948 Code if found conflicting.²³ However, such conflict should not be assumed unless clearly shown, and as reversal is called for, no conflict will arise.

**VENUE PROVISIONS ARE NOT TO BE LIBERALLY
CONSTRUED; RATHER, THE CONGRESSIONAL
MANDATE IS TO BE ACCEPTED AND CONGRES-
SIONAL ACTION IS TO BE AWAITED FOR CHANGE.**

As this Court noted on a previous occasion in *Schnell v. Peter Eckrich & Sons, Inc.*²⁴ when it was called upon to expand the patent venue provision:

"The requirement of venue is specific and unambiguous; it is not one of those vague principles which, in the interest of some overriding policy, is to be given a 'liberal' construction."²⁵

In that case as in the instant case:

"The practice complained of here was not at all unusual at the time of this statute's passage, and for us to enlarge upon the mandate of the Congress as to venue in such patent actions would be an intrusion into the legislative field."²⁶

The thrust of this argument is particularly pertinent in the instant case as Congress was aware of the situations

²³ The discrimination against aliens cited for patent infringement litigation which would result if aliens were subject to suit under the terms of § 1391(d) is not present for § 1391(d) when limited to general venue situations. This follows since domestics, under venue generally, are essentially subject to suit in any district in which service can be had as are aliens under § 1391(d). Thus, § 1391(d) standing alone does not conflict with any treaty obligations, but a conflict does arise when § 1400(b) is amended by engrafting § 1391(d) thereon.

²⁴ 365 U.S. 260 (1961).

²⁵ *Id.* 264, quoting *Olderling v. Illinois Cent. R.R.*, 346 U.S. 338, 340 (1953).

²⁶ 365 U.S. at 262-63 (footnote omitted).

regarding aliens and patent actions when it contracted patent venue in 1897.

In *Schnell*, this Court noted that enlargement of venue in patent actions is a legislative matter. Similarly, the Seventh Circuit in *Coulter* stated:

"It may well be that Congress should take appropriate action so that a foreign manufacturer may not infringe United States patents with impunity and sell the infringing device in this country by means of an exclusive sales contract which provides for a passing of title of the product in the foreign country."²⁷

As the Supreme Court had already resolved the question of exclusivity for § 1400(b) and as the threat to patent infringement plaintiffs was not extensive, the Seventh Circuit correctly declined to amend § 1400(b) with § 1391(d).

CONCLUSION

The patent venue § 1400(b) is a special venue statute applicable specifically to all defendants in a particular type of action, i.e. patent infringement. This is the situation today and has been the situation since the *Stonite* case in 1942. Fears conjured up by patent infringement plaintiffs regarding the failure of available defendants for redressing alleged infringements are unfounded. History and statutory construction require that § 1400(b) be accorded the exclusive character ascribed to it by this Court on two previous occasions. This is necessary to preclude abuse of a different rule for aliens than that for domestics regarding the very complex and protracted defense of patent infringement actions. In addition, it is necessary that the

²⁷ 376 F.2d at 745.

Court be sensitive to principles of comity and that the Court accord proper regard to treaty obligations between the United States and its trading partners on this, a matter directly affecting trade. Amicus, accordingly, urges that this Court resolve what will hopefully be the last issue as to the exclusivity of a statute passed in 1897 and held, on two prior occasions, to be exclusive.

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